

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMDALE UTILITIES,)	
INC., D/B/A FARMDALE DEVELOPMENT)	
CORPORATION TO COMPLY WITH AN AGREED)	
ORDER BY THE KENTUCKY DEPARTMENT OF)	CASE NO. 89-033
NATURAL RESOURCES AND AUTHORITY TO)	
BORROW THE FUNDS NECESSARY TO CARRY)	
OUT THE REQUIREMENTS OF THIS ORDER)	
IN A TIMELY FASHION)	

O R D E R

On February 16, 1989, Farmdale Utilities, Inc., d/b/a Farmdale Development Corporation ("Farmdale"), filed an application seeking authority to refinance its current term loan with the Shelby County Trust Bank of \$65,000 and to increase the principal amount to a maximum of \$80,000. The term loan will have a 10-year maturity and will be reviewed by the lender at the close of the initial 5-year period. The interest rate will be 1 1/2 percent over Shelby County Trust Bank's existing prime rate.

The proceeds of the term loan will be used to bring Farmdale's sewage treatment plant into compliance with the Department of Natural Resources' Order. The Commission, after considering the application and all evidence of record and being advised, is of the opinion and finds that the proposed refinancing and additional borrowing are for lawful objects within the corporate purpose of Farmdale's utility operations, are necessary and appropriate for and consistent with the proper performance of

its service to the public and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that:

1. Farmdale be and it hereby is authorized to refinance its current term loan with Shelby County Trust Bank for a principal amount not to exceed \$80,000 with a 10-year term at a variable interest rate of 1 1/2 percent over Shelby County Trust Bank's prime rate.

2. Should the terms or the method for determining the interest rate vary from those set out in the application, Farmdale shall reapply for authority to update its application to reflect the new terms and interest rate.

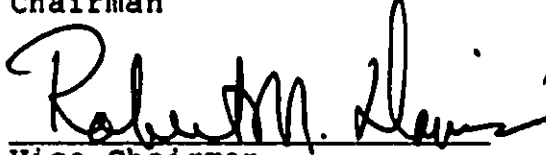
3. The proceeds from the term loan authorized herein shall be used only for the lawful purposes as set out in the application.

4. Farmdale shall file with the Commission 30 days from the closing of the term loan the amount of the finalized borrowing and an itemized listing of the expenditures.

Done at Frankfort, Kentucky, this 14th day of July, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice chairman


Commissioner

ATTEST:

Executive Director